

27 April 1955

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Audit of Advances to Subsidy Projects

1. Under date of 4 March 1955 the undersigned transmitted a copy of a report of "Audit of Advances to Subsidy Projects" dated 28 February 1955. In that report were statements indicating that the Finance Division had failed to take appropriate action on a previous report of the audit of the same account.

2. Since the report of 28 February was made a conference has been held with the Comptroller which resulted in the conclusion on the part of the undersigned that the audit report of 28 February was in error in stating that the Finance Division had failed to take action in such matter. In view of evidence presented, the undersigned desires to withdraw any comment in the report of 28 February which indicates inaction by the Chief of the Finance Division.

3. Evidence now disclosed indicates that higher eschelons in the Finance Division were working to improve the conditions adversely reported on but the results of their efforts were not at the time of the audit reflected in the accounts being audited.

4. The auditor who made the audit referred to above reviewed the account at the working level and after discussing the condition thereof with the finance personnel at that level, reached the conclusion that the condition of the account was unsatisfactory. He was not advised of the active efforts being made elsewhere in the Finance Division to bring the account to a current status.

5. As a result of the action mentioned herein it is desired that the memorandum of the Chief, Audit Staff, dated 4 March 1955 be supplemented to show that the Finance Division has taken active measures to place the accounts of advances to subsidy projects in satisfactory condition.

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Date: 6 3 55

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